

Civic Centre
12 Hertzog Boulevard
PO Box 655
Cape Town, 8000
Ask for: E Kotze
Tel: (021) 400 1923
Fax: (021) 400 5499
Ref:
E-mail: evert.kotze@capetown.gov.za

Iziko IoLuntu
12 Hertzog Boulevard
PO Box 655
Cape Town, 8000
Cela: E Kotze
Umnxeba: (021) 400 1923
iFeksi: (021) 400 5499
iRef:

Burgersentrum
Hertzog Boulevard 12
Posbus 655
Kaapstad, 8000
Vra vir: E Kotze
Tel: (021) 400 1923
Faks: (021) 400 5499
Verw:



REVENUE - DEBTORS and CASH – Rates Clearance, Deeds and Refunds

08 April 2013

**Attention: Property Committee
Cape Law Society**

**Conveyancing Attorneys
City of Cape Town**

Sir / Madam

ENFORCEMENT OF SECTION 118 (3) OF ACT 32 OF 2000

Section of 118(3) of the Local Government: Municipal Systems Act states that an amount due for the municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount owing and enjoys preference over any mortgage bond registered against the property.

Section of 118(1)(b) of the Local Government: Municipal Systems Act states that a registrar of deeds may not register the transfer of property except on production to that registrar of deeds a prescribed certificate which certifies that all amounts that became due in connection with the property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for certificate have been fully paid.

The City of Cape acknowledges that Section 118(1) obliges municipality to issue a certificate on payment of all amounts that became due in connection with the property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate.

However, this municipality recognizes that Section 118(3) further acknowledges that a municipality enjoys preference over any mortgage bond registered against the property and all charges are a charge against the property.

This Municipality shall, with effect from 01-05-2013, be enforcing section 118 (3) of the Local Government: Municipal Systems Act, 32 of 2000, by using any of the following approaches:

- 1 Attempting to obtain full payment of all municipal debt from the seller.
- 2 Requesting the seller to authorise the conveyancer to provide an undertaking that payment will be made of any unpaid debt, out of the proceeds of the sale of the property, if sufficient, upon registration of transfer in preference to any bond holder.
- 3 Informing the purchaser that should there be any municipal debt outstanding against the property, such debt is a charge against the property, and that such purchaser shall be liable for such debt which is still owing after registration and continued supply of municipal services to the property may be affected while the debt remains outstanding.
- 4 Interdicting the transfer of the property until the municipal debt is paid in full.
- 5 Interdicting the distribution of the proceeds of the sale.

Yours faithfully



Director Revenue